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FARM EFFICIENCY AND CROP ADJUSTMENT GO HAND IN HAND

As producers for the world market, American farmers have long had special advantages in land adapted to extensive use of machinery, in the new and productive soil of the nation, and in their own ability to adopt the most efficient farming methods. All of this has meant that American farmers, with lower costs of production, have had a decided advantage over most European countries. Consumers of the United States have enjoyed these advantages, reflected in lower prices.

Farmers know that national and world economic conditions must be considered along with individual farm efficiency. Farm output, no matter how efficiently produced, cannot bring a fair-exchange price if burdensome surpluses are allowed to depress markets for farm commodities. The enormous surpluses of recent years forced farm prices and incomes to a point so low that efficiency was retarded by lack of working capital and proper equipment.

It was under these conditions that farmers took over the control of their farm output under the provisions of the Agricultural Adjustment Act. In doing so, they were merely taking a leaf from the record book of industry. Industry has constantly worked to perfect its machines and improve its processes in order to turn out a product as cheaply as possible. At the same time, it has been responsive to demand for its goods, and has not hesitated to shut down its machines, or a part of them, until the market is again ready to absorb capacity production.

If farmers should abandon their efficient, modern methods of tillage, their use of good seeds and productive breeds of livestock, production would fall as a consequence and prices would rise, but they would lose much of the advantage of better prices because their costs of production per unit would go up higher and faster than prices. Consumers, too, would lose, because the farm products they bought would cost them more, and would be of poorer quality.

Under the present nationwide cooperative programs of the A.A.A. farmers are adjusting supply to demand, without sacrificing efficiency in their operations. Through the use of soil-building and erosion-preventing crops, they are at the same time improving and protecting the fertility of the land they have shifted from surplus crops.

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15 AGRICULTURAL COMMODITIES NOW DESIGNATED AS BASIC

Fifteen agricultural commodities are now designate as "basic" under the Agricultural Adjustment Act, and as such are eligible for programs provided under that Act. The list of basic commodities includes: wheat, rye, flax, barley, cotton, field corn, grain sorghums hogs, tobacco, sugar, peanuts, cattle, rice, potatoes, and milk and its products.

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ADJUSTMENT CONTRACTS BECOMING SIMPLIFIED

Adjustment contracts for basic crops are becoming more simplified. The new wheat and tobacco contracts do not definitely locate contracted acreage which is retired from production. Instead, farmers agree to use for soil-improving and erosion-preventing crops, pasture, fallow, forest trees and such other purposes an acreage equal to adjusted acreage under the contract, plus acreage normally devoted to such uses. With contracts thus simplified, signers are left free play for the best farming practices that fit their particular farms.

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CROP-ADJUSTMENT AIDS FOREST AND WILD-LIFE CONSERVATION

The increase in acreage of pasture and meadow crops, and in land devoted to woodlots and trees, on land shifted under adjustment contracts from crops that have been produced in surplus, has been an important contribution to wild-life and soil conservation. The planting of farm woodlots and trees for windbreak purposes, as permitted on contracted acreage, will provide refuge and breeding grounds for all forms of bird life and game animals.

Definite agreements have been made by the Adjustment Administration with the Forest Service to provide for the use of the contracted acreage in the great plains shelterbelt area for tree planting. Encouragement has been given for utilization of retired acreage for woodlots and windbreaks throughout the country where adapted. Special authorization was approved by the Secretary of Agriculture to permit full cooperation between the Soil Conservation Service and the Adjustment Administration, and it was agreed that within the established erosion-control areas, an exchange of less productive land for contracted acreage was permissible under the terms of adjustment contracts on a basis of the comparative productivity of the land involved. This flexible arrangement permits the planting of grass and trees in accordance with the program of erosion control agreed upon by the farm owner and the Soil Conservation Service. In 1934, 42 erosion-control projects were authorized, and at present 150 projects are in progress, or have been authorized.

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FAR-FLUNG SUGAR PROGRAM INCLUDES INSULAR POSSESSIONS

The sugar program of the Agricultural Adjustment Administration is the most far-flung of all its adjustment programs. Ranging from Florida to the State of Washington, from Minnesota to Louisiana, and from Ohio to California, this program affects the furthest outposts of United States territory as well.

The important insular areas which fly the American flag supply much sugar to the United States. Therefore, the program has been extended to the Philippine Islands, the Territory of Hawaii, and to Puerto Rico. In addition, certain phases affect Cuba and approximately 40 other foreign nations.

The sugar program benefits primarily producers of sugar beets and sugarcane in the United States, but when adjustments were made within the United States proper, it became necessary to make similar adjustments in the insular areas.

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GRADE AND SIZE REGULATIONS BENEFIT CONSUMER & FARMER

Fruit and vegetable agreements, through provisions limiting shipments to products above certain quality standards, benefit both the consumer and the farmer. Whenever it is necessary to limit shipments to avoid market gluts and low prices, these limitations apply to the least valuable portion of the crop, which means that a surplus of low-grade products does not set the price for quality produce and consumers benefit by improved quality.

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SHIPPING HOLIDAYS MAY INCREASE PRICES

Under some marketing agreements it has been found useful to declare a "shipping holiday" to prevent market gluts and falling prices, or to allow a market to absorb supplies present. This method of stabilizing prices was employed under an agreement for Southern watermelons, which provided that shippers under the agreement would entirely withhold shipments for a period of not more than 48 hours when markets were overloaded.

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FEWER ACRES NOW NEEDED FOR FARM EXPORT TRADE

The American farmer used to devote one out of every 4 wheat acres to supplying a foreign market, which practically disappeared before the depression. One out of every 6 corn acres used to be devoted to an export trade which has dwindled down until 1 out of 15 corn acres will supply all pork products the United States can sell abroad. Three out of every 4 acres formerly used to raise cotton will supply all the cotton the United States can profitably sell at home and abroad.

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MORE THAN THREE MILLION ADJUSTMENT CONTRACTS

During 1934, 3,182,000 contracts to adjust agricultural production were accepted from farmers in the United States. Texas led all States, with 290,871 contracts, Iowa was second with 178,487, and Kansas was third with 172,616. Maine and Rhode Island were the only States with less than 100 contracts, while 18 States had more than 100,000 contracts each.

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LARGE EXPORTS DON'T ALWAYS MEAN INCREASED FARM INCOME

Whether it will pay cotton producers to recapture completely their foreign markets is a moot question, as figures compiled by the Agricultural Adjustment Administration show that the largest exports in the past have meant reduced incomes to cotton producers.

From 1900 to 1934 there have been seven years when cotton exports averaged 9,356,000 bales, and the farm value of these annual average exports was $474,577,000.

There have been 15 years when exports averaged 7,582,000 bales and had an average farm value of $480,740,000 or an average of $6,163,000 more than for the seven years when exports averaged 9,356,000 bales.

There have been 12 years when average exports were 5,738,000 bales and the annual average value of these exports was $559,147,000, or an annual average of $84,570,000 more than the average for the seven years when exports were the highest.

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DECLINING BIRTH RATE FEWER NEW CUSTOMERS

The farmer must count his customers in order to maintain balance between supply and demand. With a cultivated area that was increased 40 million acres by the war, and with 35 million acres no longer needed to produce feed for work stock, the slowing up of population increase has also tended to restrict farm markets. Instead of having 1 1/4 million new customers in the United States every year, as was true between the time of the Civil War and the World War, the farmer since 1922 has had only 1/2 million new customers each year.

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FARMER NOW GETS MORE OF CONSUMER'S DOLLAR

The farmer is receiving a larger share of the consumer's food dollar than he has at any time since 1930, studies of the expenditures of typical families for 10 basic foods show. For the first 8 months of 1935, a typical family spent an average of $21.33 for these 10 foods, of which $11.84 went for processing, transportation, marketing and distribution, and the farmer received $9.49, or 44.49 percent of the total retail value.

The estimate has been made by adding together the total retail value of the amounts of the 10 foods used by a typical American workingman's family in a month. The amounts used were determined from a budget study by the Department of Labor of the expenditures of 11,900 families.

Farmers received the largest share of the consumer's food dollar in 1917 when 64 percent of the retail value of these 10 foodstuffs went to the producer. After this peak, the farmer's share has generally declined, with transportation, marketing, and other overhead charges, taking up a larger share until the period 1925-1929, during which producers received slightly more than half of the consumer's food dollar.

Farm prices declined during the depression years, but distribution costs remained relatively fixed. The share of the farmer in the consumer's food dollar dropped to a low point of 34.9 percent in 1932, but with rising prices has now reached a higher level.

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